

Exhibit 300: Capital Asset Summary

Part I: Summary Information And Justification (All Capital Assets)

Section A: Overview & Summary Information

Date Investment First Submitted: 2009-06-30
Date of Last Change to Activities: 2012-08-31
Investment Auto Submission Date: 2012-02-28
Date of Last Investment Detail Update: 2012-02-28
Date of Last Exhibit 300A Update: 2012-08-31
Date of Last Revision: 2012-08-31

Agency: 015 - Department of the Treasury **Bureau:** 45 - Internal Revenue Service

Investment Part Code: 01

Investment Category: 00 - Agency Investments

1. Name of this Investment: Electronic Fraud Detection System (EFDS)

2. Unique Investment Identifier (Ull): 015-000000010

Section B: Investment Detail

- 1. Provide a brief summary of the investment, including a brief description of the related benefit to the mission delivery and management support areas, and the primary beneficiary(ies) of the investment. Include an explanation of any dependencies between this investment and other investments.**

The Electronic Fraud Detection System (EFDS) is a major, steady state, automated client server-based system used to maximize fraud detection at the time that tax returns are filed to eliminate the issuance of fraudulent tax refunds. EFDS supports the Department of the Treasury strategic goal to "Manage the Government's Finances Effectively." EFDS provides the capability for IRS Criminal Investigation (CI) Investigative Aides/Analysts (IA/As) and Wage and Investment (W&I), Business Performance Solutions (BPX), Accounts Management Taxpayer Assistance Program (AMTAP) Tax Examiners (TEs) to protect government revenue by detecting potentially fraudulent tax refund claims and stopping the issuance of fraudulent tax refunds. Revenue protection is an important element in managing the government's finances; fraudulent tax refund claims are a major cause of revenue loss to the Federal Government. The EFDS was used to stop fraudulent refunds totaling \$35.5 million in Filing Season(FS)2012, an increase of 13% over FS 2011, as of February 2012.

- 2. How does this investment close in part or in whole any identified performance gap in support of the mission delivery and management support areas? Include an assessment of the program impact if this investment isn't fully funded.**

The EFDS was established after a Congressionally mandated study determined that annual

losses estimated at several billions of dollars were attributable to paper and electronic tax return fraud and identified a gap between the IRS' technological service competence and its technological compliance competence. Compliance problem areas included: 1) promoters of fraudulent tax schemes of all varieties; 2) the high rate of erroneous earned income tax credit (EITC) payments, and 3) fraudulent tax refund claims. The EFDS supports Internal Revenue Service (IRS) Strategic Plan Goal 2, "Enforce the law to ensure everyone meets their obligation to pay taxes." To achieve this goal the IRS will focus on current enforcement initiatives, which includes the EFDS, while seeking other innovative solutions. Under Goal 2 of the IRS Strategic Plan, the EFDS further supports Objective 4, "Allocate compliance resources using a data-driven approach to target existing and emerging high risk areas." A focus of this objective is to investigate "those who create and promote tax schemes to ensure that we aggressively address and deter noncompliance." Under Objective 4, Strategy 3 is to "Identify and pursue promoters of tax schemes." The EFDS supports Strategy 3; a key feature of the EFDS is to identify tax schemes used to claim fraudulent tax refunds. If the EFDS is not fully funded, the IRS will not be successful in its mission, as stated in Goal 2 and Objective 4 of the Strategic Plan, to enforce the law; increase compliance; identify, investigate and prosecute taxpayers participating in this criminal activity; and reduce the "tax gap". The EFDS serves as a deterrent to noncompliance and was used to stop fraudulent refunds totaling \$35.5 million, as of February 2012.

3. Provide a list of this investment's accomplishments in the prior year (PY), including projects or useful components/project segments completed, new functionality added, or operational efficiency achieved.

PY Filing Season 2011 Annual Release Accomplishments: - Modified EFDS loads and database to support annual legislative changes - Updated annual data mining models to improve system performance - Upgraded EFDS production and development environments from Clementine to Statistical Package for Social Sciences (SPSS) Modeler v.14 due to end of Clementine engineering support - Updates supporting expected increase in return volume as a result of E-file Mandate and Modernized e-File (MeF) - Updates supporting Patient Protection and Affordable Care Act legislation - Updates supporting Hiring Initiatives to Restore Employment legislation - Updates to support Small Business Jobs Act legislation - Changes to support Extender legislation - Updates to selected production system Inventory Tracking Asset Management System tickets - Migrated EFDS server platforms from Ek35 to M9000 server technology and installed performance test environment - Upgraded EFDS server to Oracle 11g.

4. Provide a list of planned accomplishments for current year (CY) and budget year (BY).

CY Filing Season 2012 Annual Release Planned Accomplishments: - Improve EFDS interface with Modernized e-File (MeF) by introducing Informatica to replace custom developed components for the extract, transfer, load (ETL) process. - Convert additional six forms for MeF integration. - Refine EFDS interface and install Process Automation and Monitoring (PAM) software to support Customer Account Data Engine (CADE) 2. - Update annual record layouts for annual load changes. - Update form record layouts to all forms impacted by Affordable Care Act (ACA) legislation. - Annual updates to Data Mining Models to improve system performance. - Update EFDS loads and database for Individual Master File (IMF), Business Master File (BMF) and Questionable Refund Program (QRP) legislative

changes. Budget Year (BY) - FS 2013 Annual Release Planned Accomplishments: - Annual operations and maintenance (O&M) upgrades to sustain system operations. - Annual updates to loads for IMF, BMF, QRP, Information Returns Master File (IRMF), MeF, and Prison/Prisoner File to sustain system operations. - Annual IMF, BMF, and QRP legislative changes. - Annual Data Mining Model updates to sustain and improve system performance. - Begin upgrade to Windows 7/Microsoft Office 2010/Oracle 11G (R2, Client, Discoverer). - Determine Control M Impact Assessment. - ELF Retirement Assessment. - Annual record layout updates to Payroll Tax.

5. **Provide the date of the Charter establishing the required Integrated Program Team (IPT) for this investment. An IPT must always include, but is not limited to: a qualified fully-dedicated IT program manager, a contract specialist, an information technology specialist, a security specialist and a business process owner before OMB will approve this program investment budget. IT Program Manager, Business Process Owner and Contract Specialist must be Government Employees.**

2010-01-07

Section C: Summary of Funding (Budget Authority for Capital Assets)

1.

Table I.C.1 Summary of Funding

	PY-1 & Prior	PY 2011	CY 2012	BY 2013
Planning Costs:	\$0.0			\$0.0
DME (Excluding Planning) Costs:	\$0.0	\$0.0	\$0.0	\$0.0
DME (Including Planning) Govt. FTEs:	\$0.0	\$0.0	\$0.0	\$0.0
Sub-Total DME (Including Govt. FTE):	0	0	0	0
O & M Costs:	\$49.5	\$9.6	\$11.9	\$12.1
O & M Govt. FTEs:	\$11.9	\$3.7	\$3.6	\$3.7
Sub-Total O & M Costs (Including Govt. FTE):	\$61.4	\$13.3	\$15.5	\$15.8
Total Cost (Including Govt. FTE):	\$61.4	\$13.3	\$15.5	\$15.8
Total Govt. FTE costs:	\$11.9	\$3.7	\$3.6	\$3.7
# of FTE rep by costs:	87	28	28	28
Total change from prior year final President's Budget (\$)		\$0.6	\$1.2	
Total change from prior year final President's Budget (%)		5.00%	9.23%	

2. If the funding levels have changed from the FY 2012 President's Budget request for PY or CY, briefly explain those changes:

The CY \$1.217M increase over the President's FY 2012 budget request is to support infrastructure updates, modernized solution for the EFDS ETL interface, and the upgrade to Oracle 11G. The PY funding increase of \$594K supports increased return volumes due to e-File Mandate and Modernized e-File (MeF) legislation; and additional legislative changes such as the Patient Protection and Affordable Care Act (ACA), Hiring Initiatives to Restore Employment (HIRE), and Small Business Jobs Act (SBJA).

Section D: Acquisition/Contract Strategy (All Capital Assets)

Table I.D.1 Contracts and Acquisition Strategy

Contract Type	EVM Required	Contracting Agency ID	Procurement Instrument Identifier (PIID)	Indefinite Delivery Vehicle (IDV) Reference ID	IDV Agency ID	Solicitation ID	Ultimate Contract Value (\$M)	Type	PBSA ?	Effective Date	Actual or Expected End Date
Awarded	2050	TIRNO06D000130031	TIRNO06D00013	2050							
Awarded	2050	TIRNO11D000110003	TIRNO11D00011	2050							

2. If earned value is not required or will not be a contract requirement for any of the contracts or task orders above, explain why:

This investment does not contain any open contractor-supported DME milestones.

Exhibit 300B: Performance Measurement Report

Section A: General Information

Date of Last Change to Activities: 2012-08-31

Section B: Project Execution Data

Table II.B.1 Projects

Project ID	Project Name	Project Description	Project Start Date	Project Completion Date	Project Lifecycle Cost (\$M)
Phase 3	EFDS Filing Season (FS) 2012 - Phase 3	Update the EFDS for Filing Season (FS) 2012 Phase 3 to include: 1) annual operations and maintenance (O&M) upgrades to sustain system operations; 2) annual loads changes; 3) annual legislative changes for Individual Master File (IMF), Business Master File (BMF), Questionable Return Program (QRP), and Affordable Care Act (ACA); and 4) annual Data Mining Model updates.			
Phase 2	EFDS Filing Season (FS) 2012 - Phase 2	Update Filing Season 2012 EFDS to facilitate interfaces with Modernized e-File (MeF) and Customer Accounts Data Engine (CADE) 2; and to support Windows 7/Microsoft Office.			
Phase 4	EFDS Filing Season (FS) 2013 - Phase 4	Update the EFDS for Filing Season (FS) 2013 to include: 1) annual operations and maintenance (O&M) upgrades to sustain system operations; 2) annual loads changes for Individual Master File (IMF),			

Table II.B.1 Projects

Project ID	Project Name	Project Description	Project Start Date	Project Completion Date	Project Lifecycle Cost (\$M)
		Business Master File (BMF), Questionable Return Program (QRP), Information Returns Master File (IRMF), Modernized e-File (MeF), and Prison/Prisoner File to sustain system operations; 3) annual IMF, BMF, and QRP legislative changes; and 4) annual Data Mining Model updates to sustain and improve system performance.			

Activity Summary

Roll-up of Information Provided in Lowest Level Child Activities

Project ID	Name	Total Cost of Project Activities (\$M)	End Point Schedule Variance (in days)	End Point Schedule Variance (%)	Cost Variance (\$M)	Cost Variance (%)	Total Planned Cost (\$M)	Count of Activities
Phase 3	EFDS Filing Season (FS) 2012 - Phase 3							
Phase 2	EFDS Filing Season (FS) 2012 - Phase 2							
Phase 4	EFDS Filing Season (FS) 2013 - Phase 4							

Key Deliverables

Project Name	Activity Name	Description	Planned Completion Date	Projected Completion Date	Actual Completion Date	Duration (in days)	Schedule Variance (in days)	Schedule Variance (%)
Phase 3	EFDS Filing Season (FS) 2012 Phase 3 - Requirements, Analysis and Design	Conduct requirements, analysis and design for: 1) MeF core/core accepted/core rejected forms, 2) paper returns, 3) CADE 2 changes to resequenced and referral files, 4) annual	2011-11-30	2011-12-15	2011-12-15	208	-15	-7.21%

Key Deliverables

Project Name	Activity Name	Description	Planned Completion Date	Projected Completion Date	Actual Completion Date	Duration (in days)	Schedule Variance (in days)	Schedule Variance (%)
		loads, 5) MeF/Electronic Filing (ELF) sync points, 6) returns resequenced other than data mining, 7) MeF integration of additional forms, 8) scheme merge, and 9) referrals category change/Affordable Care Act (ACA).						
Phase 4	EFDS Filing Season (FS) 2013 Phase 4 - Release Planning	Conduct Filing Season (FS) 2013 release planning to: 1) define and approve project scope; 2) draft and publish the scope document; and 3) draft and approve work breakdown structure (WBS) and project schedule.	2012-05-31	2012-05-06	2012-05-06	134	25	18.66%

Section C: Operational Data

Table II.C.1 Performance Metrics

Metric Description	Unit of Measure	FEA Performance Measurement Category Mapping	Measurement Condition	Baseline	Target for PY	Actual for PY	Target for CY	Reporting Frequency
The percentage of completed verifications which are potentially fraudulent.	Percentage	Technology - Effectiveness	Over target	65.000000	62.000000	85.000000	85.000000	Quarterly
The percentage of scheduled system availability per the approved Service Level Agreement.	Number	Technology - Reliability and Availability	Over target	99.000000	99.000000	99.000000	99.000000	Monthly
The percentage of primary investigations that are accepted as subject criminal investigations (CIs).	Percentage	Customer Results - Service Quality	Over target	55.000000	55.000000	75.000000	65.000000	Quarterly
The percentage of Questionable Refund Program (QRP) refunds identified as false that are stopped by Accounts Management Taxpayer Assurance Program (AMTAP).	Percentage	Mission and Business Results - Management of Government Resources	Over target	70.000000	76.000000	95.000000	85.000000	Quarterly
The number of confirmed fraudulent returns identified by the data models.	Number	Technology - Effectiveness	Over target	300000.000000	300000.000000	300000.000000	700000.000000	Quarterly